

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF EAST KENTUCKY	)	
POWER COOPERATIVE, INC. FOR	)	CASE NO. 2001-108
APPROVAL OF THE DISSOLUTION OF	)	
CHARLESTON BOTTOMS RURAL	)	
ELECTRIC COOPERATIVE CORPORATION	)	

ORDER

On April 25, 2001, East Kentucky Power Cooperative, Inc. ("East Kentucky") submitted an application for Commission approval of the dissolution of Charleston Bottoms Rural Electric Cooperative Corporation ("Charleston Bottoms"). East Kentucky states that upon approval of dissolution by Charleston Bottoms' Board of Directors, all the assets of Charleston Bottoms will be transferred to East Kentucky.

Charleston Bottoms is a Kentucky rural electric cooperative organized in 1971 pursuant to KRS Chapter 279 and as such is subject to the general supervision of the Public Service Commission. KRS 279.210.

Charleston Bottoms was formed as a part of the financing plan for the construction of the H.L. Spurlock Power Station Unit 1 ("Spurlock 1") and is the nominal owner of Spurlock 1, the related transmission facilities and certain real property at the Spurlock Station site (collectively referred to as "the facility"). Pursuant to the plan, Charleston Bottoms was to procure from the open market \$75 million by issuing First Mortgage Bonds on the facility and East Kentucky was to provide the remaining \$50

million. East Kentucky states that the First Mortgage Bonds have been paid in full and that, therefore, the reason for the creation of Charleston Bottoms no longer exists.

East Kentucky states that Charleston Bottoms has never provided electric service to the public and that Charleston Bottoms has no employees. On June 12, 1973, East Kentucky and Charleston Bottoms entered into an agreement wherein they agreed that East Kentucky would assume direct responsibility for all construction, operations and maintenance of the facility and that East Kentucky would be entitled to take all capacity and net electrical output of the facility. East Kentucky states that the facility assets have been a part of East Kentucky's rate base, and the associated expenses have been included in East Kentucky's revenue requirements for rate-making purposes, since the plant began operations.

After review of the record and being otherwise sufficiently advised, the Commission finds that the dissolution of Charleston Bottoms is reasonable and should be approved.

IT IS THEREFORE ORDERED that:

1. The dissolution of Charleston Bottoms is hereby approved.
2. East Kentucky shall notify the Commission within 20 days of the date of completion of the transfer or, in the alternative, shall notify the Commission if the transfer does not occur.
3. East Kentucky shall file a copy of the minutes of the special meeting of the Board of Directors of Charleston Bottoms reflecting the results of the vote on the dissolution.

4. East Kentucky shall file copies of all approvals of dissolution of Charleston Bottoms received from the Rural Utilities Service and the National Rural Utilities Cooperative Finance Corporation.

Done at Frankfort, Kentucky, this 20<sup>th</sup> day of June, 2001.

By the Commission

ATTEST:

  
Executive Director